

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6026

BILL NUMBER: HB 1083

NOTE PREPARED: Oct 28, 2011

BILL AMENDED:

SUBJECT: Rate Adjustment Mechanisms.

FIRST AUTHOR: Rep. Moses

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that not later than two years after the effective date of an order of the Indiana Utility Regulatory Commission (IURC) approving a rate adjustment mechanism for an energy utility, the IURC shall review, and revise as necessary, the utility's basic rates and charges. It requires the IURC to use the procedures governing a general rate case in conducting the review.

Effective Date: January 1, 2012 (retroactive).

Explanation of State Expenditures: *IURC:* This bill would increase administrative costs of the IURC. The IURC reports that existing level of resources are not sufficient to cover the provisions of this bill. Any increase in expenditures would be offset by an increase in public utility fees.

This bill provides that not later than two years after the effective date of an order of the IURC approving a rate adjustment mechanism for an energy utility, the IURC must review the utility's basic rates using the procedures governing a general rate case. Current statute requires the IURC to conduct periodic reviews at least once every four years.

Background on IURC Funding : The operating budget of the IURC is funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the agency's budget, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.12% of their gross intra-state operating revenues to fund the IURC.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IURC.

Local Agencies Affected:

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